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INTERNATIONAL COMMERCE COMMISSION

ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") between Viking Yacht Company, a New Jersey corporation ("Assignor"), and Itel Rail Corporation, a Delaware corporation ("Assignee"), dated as of September 29, 1989.

WHEREAS, Assignor has created a trust pursuant to a Trust Agreement (the "Trust Agreement") dated as of July 15, 1977, between Assignor and First Security State Bank, not in its individual capacity but solely as Owner-Trustee (the "Owner-Trustee"); and Assignor has transferred to the trust and beneficially owns 47 boxcars identified therein (the "Cars") and, pursuant to the Trust Agreement, the Owner-Trustee holds legal title to the Cars and the Cars constitute part of the Trust Estate (as defined in the Trust Agreement); and

WHEREAS, the Owner-Trustee, on behalf of the trust, is a party to an Equipment Trust Agreement, 1977 Series 3, dated as of July 15, 1977, as amended (as amended, the "Equipment Trust") with First Security Bank of Utah, National Association, not in its individual capacity but solely as Trustee (the "Trustee"), pursuant to which the Trustee has issued 9 1/2% equipment trust certificates (the "ETC Debt") to certain ETC holders (the "Holders"); and

WHEREAS, Assignee, as successor to SSI Rail Corp., Assignor, Itel Corporation, the Owner-Trustee and the Holders are parties to a Participation Agreement dated as of July 15, 1977, as amended (as amended, the "Participation Agreement"); and

WHEREAS, the Owner-Trustee has leased the Cars to the Assignee pursuant to a Lease of Railroad Equipment (No. 4) dated as of July 15, 1977, as amended (as amended, the "Lease") between Assignee, as successor to SSI Rail Corp., and the Owner-Trustee; and

WHEREAS, in order to secure the payment of the ETC Debt, the Lease has been assigned for security purposes to the Trustee pursuant to an Assignment of Lease and Agreement dated as of July 15, 1977 (the "Lease Assignment"); and

WHEREAS, the Assignee has leased the Cars to Ashley, Drew and Northern Railroad pursuant to a lease dated as of March 29, 1977, as amended (as amended, the "Sublease"), and Assignee has assigned the Sublease to the Owner-Trustee for security purposes pursuant to a Sublease Assignment (the "Sublease Assignment") to secure the performance of Assignee's obligations under the Lease; and

WHEREAS, the Owner-Trustee has assigned its rights in the Sublease to the Trustee for security purposes pursuant to a Reassignment of Sublease (the "Sublease Reassignment") to secure performance of the Owner-Trustee's obligations under the Equipment Trust; and

WHEREAS, the Assignee, as successor to SSI Rail Corp., and the Assignor are parties to an indemnity agreement ("the Indemnity Agreement") dated as of July 15, 1977, pursuant to which Assignee has agreed to indemnify Assignor in connection with certain income taxes as provided therein; and

WHEREAS, the Assignee and the Trustee are parties to a New Covenant Agreement dated as of September 19, 1983, as amended (as amended, the "New Covenant Agreement") pursuant to which the covenants of the Assignee under the Participation Agreement and under certain other agreements were amended and restated in their entirety; and

WHEREAS, Assignor and Assignee are parties to a Railcar Purchase Agreement (the "Purchase Agreement") dated as of September 29, 1989, pursuant to which Assignor has agreed to assign to Assignee, and Assignee has agreed to assume, all of Assignor's right, title and interest in the Participation Agreement and the Trust Agreement, and the Assignor's beneficial interest in the Trust Estate, the Cars, the Lease, the Equipment Trust, the Lease Assignment, the Sublease Assignment, the Sublease Reassignment and any other agreements entered into by Assignor or in which Assignor has an interest in connection with its beneficial interest in the Cars and in connection with the transactions described above except the Indemnity Agreement (all documents, instruments and agreements listed or described in this paragraph, except the Indemnity Agreement, collectively, the "Acquisition Documents"); and

WHEREAS, Section 6.01 of the Trust Agreement provides that the Assignor may assign its interest in the Trust Agreement to any corporation having a combined capital and surplus of at least \$50,000,000, and Assignee has a combined capital and surplus in excess of \$50,000,000.

NOW, THEREFORE, Assignee and Assignor hereby agree as follows:

1. Assignment

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns to Assignee, effective on the date hereof, all of Assignor's right, title and interest in and to each of the Acquisition Documents (including without limitation the Cars and the Trust Estate) subject, however, to the obligations contained in, and the terms, covenants, conditions and provisions of, the Acquisition Documents.

2. Assumption

Assignee hereby assumes, on and after the date hereof, all of Assignor's obligations contained in, and the terms, covenants, conditions and provisions of, the Acquisition Documents.

3. Further Assurances

Assignor shall, at the request of Assignee, do, execute, acknowledge or deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, assignments, conveyances or assurances as may be reasonably requested by Assignee for the better transferring, assigning, conveying, granting, assuring, vesting and confirming to Assignee of the interests of Assignor intended to be conveyed in this Agreement.

4. Miscellaneous

This Agreement shall be governed by the laws of the State of California, without regard to its conflict of laws doctrine, but the parties shall be entitled to all rights under 49 U.S.C. Section 11303. Jurisdiction and venue of any lawsuit with respect to this Agreement may be had in any court located in the City and County of San Francisco, California. This Agreement can be modified or rescinded only by a writing signed by Assignee and Assignor. This Agreement may be executed in two or more counterparts, and such counterparts taken together shall constitute one and the same instrument.

5. Notice

Any notices required or permitted hereunder shall be in writing, addressed to the other party as set forth below and shall be valid when delivered personally or by overnight courier or by telex or telefax or three days after having been dispatched by United States mail, first class, postage prepaid, as follows:


If to Assignee: Itel Rail Corporation
 55 Francisco Street
 San Francisco, California 94133
 Attn: Robert C. Kiehnle,
 Vice President and Treasurer

If to Assignor: Viking Yacht Company
 Route 9 and Bass River
 New Gretna, New Jersey 08224
 Attn: Gerard Straub,
 Secretary/Treasurer

Either party may, by written notice to the other, change the address to which notices are to be sent.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

Attest:

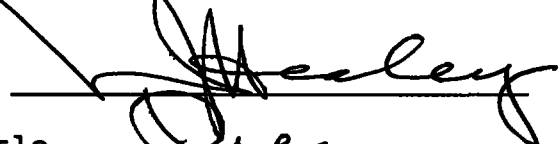


SCOTT A. KLOSTERMAN
CONTROLLER

VIKING YACHT COMPANY

By

Title



Pres.

Attest:




Secretary

ITEL RAIL CORPORATION

By

Title



Vice President Finance

ACKNOWLEDGEMENT BY OWNER-TRUSTEE

First Security State Bank, not in its individual capacity but solely as Owner-Trustee under the Trust Agreement, hereby acknowledges the foregoing assignment and assumption, agrees that Itel Rail Corporation is entitled to all the rights and benefits of Viking Yacht Company under the Acquisition Documents, and agrees that, notwithstanding the existence of the Lease, Itel Rail Corporation will pay only that portion of the rentals under the Lease sufficient to cover payments of interest and principal on the ETC Debt.

FIRST SECURITY STATE BANK

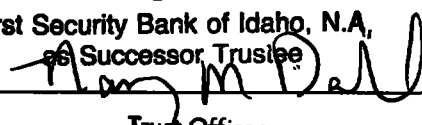
not in its individual capacity
but solely as Owner-Trustee

First Security Bank of Idaho, N.A.,

as Successor Trustee

By


Title



Trust Officer

STATE OF NEW JERSEY)
COUNTY OF Burlington) ss.

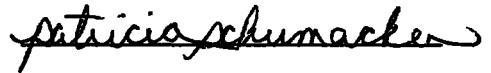
On this 28th day of September, 1989, before me personally appeared William J. Hesley, to me personally known, who being by me duly sworn says that he is President of Viking Yacht Company, that the foregoing **Assignment and Assumption Agreement** was signed on behalf of said corporation by the authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


JAMES G. LABOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 14, 1991

STATE OF CALIFORNIA)
COUNTY OF SAN FRANCISCO) ss.

On this 27th day of September, 1989, before me personally appeared Robert C. Kiehle, to me personally known, who being by me duly sworn says that he is Vice President and Treasurer of IteL Rail Corporation, that the foregoing **Assignment and Assumption Agreement** was signed on behalf of said corporation by the authority of its board of directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.





STATE OF UTAH

COUNTY OF Salt Lake

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) ss.
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On this 5 day of October, 1989, before me personally appeared Nancy M Dahl, to me personally known, who being by me duly sworn says that she is Trust Officer of **First Security State Bank**, that the foregoing **Acknowledgment by Owner-Trustee** was signed on behalf of said corporation by the authority of its board of directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Edith W Ogilvie
Comm expires 10-26-89